

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

DRS TECHNOLOGIES INC
Form 11-K
July 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

Annual Report Pursuant to Section 15 (d)
of the Securities Exchange Act of 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the year ended December 31, 2005

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 001-08533

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

ENGINEERED SUPPORT SYSTEMS, INC. 401(K) & EMPLOYEE
STOCK OWNERSHIP PLAN

(Formerly known as ENGINEERED SUPPORT SYSTEMS, INC. EMPLOYEE STOCK
OWNERSHIP PLAN)

B. Name of the issuer of the securities held pursuant to the plan and the
address of its principal executive offices:

Engineered Support Systems, Inc.
201 Evans Lane
St. Louis, Missouri 63121

Financial Statements and Exhibits

ENGINEERED SUPPORT SYSTEMS, INC.
401(K) & EMPLOYEE STOCK OWNERSHIP PLAN

December 31, 2005

Table of Contents

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

Reports of Independent Registered Public Accounting Firms.....1

Financial Statements:

Statement of Net Assets Available For Plan Benefits.....3

Statement of Changes In Net Assets Available For Plan Benefits.....4

Notes to Financial Statements.....5

Supplemental Schedules:

Report of Independent Registered Public Accounting Firm on
Supplementary Information.....12

Schedule of Assets Held At End of Year.....13

Schedule of Reportable Transactions.....14

Schedule of Delinquent Participant Contributions.....16

Exhibits:

23.1 Consent of Independent Registered Public Accounting Firm

23.2 Consent of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Pension Committee of
Engineered Support Systems, Inc. 401(k) &
Employee Stock Ownership Plan

We have audited the accompanying statement of net assets available for benefits of the Engineered Support Systems, Inc. 401(k) & Employee Stock Ownership Plan (the "Plan") as of December 31, 2005 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting, accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the net assets available for benefits at December 31, 2005, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Rubin Brown LLP

St. Louis, Missouri
July 14, 2006

1

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Engineered Support Systems, Inc.
Employee Stock Ownership Plan

In our opinion, the accompanying statement of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of Engineered Support Systems, Inc. Employee Stock Ownership Plan (the "Plan") at December 31, 2004, and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
June 28, 2005

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

2

Engineered Support Systems, Inc.
401(k) & Employee Stock Ownership Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	Decemb
	----- 2005 -----
Assets:	
Investments, At Fair Value (Note C)	
Common Collective Trusts.....	\$ -
Registered Investment Companies.....	49,058,805
Company Stock.....	47,886,106
Guaranteed Income Fund.....	19,400,789
Participant Loans.....	2,683,262

	119,028,962
Employer contributions receivable.....	6,053,200

Net Assets Available For Benefits.....	\$ 125,082,162
	=====

See the accompanying notes to the financial statements.

3

Engineered Support Systems, Inc.
401(k) & Employee Stock Ownership Plan

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the Y
	Decem
	----- 2005 -----
Addition To Net Assets Attributed To:	
Investment Income (Note C):	
Net realized and unrealized gain on Engineered Support Systems, Inc. common stock.....	\$ 2,592,575
Net appreciation from common collective trusts.....	93,496
Net appreciation from registered investment companies.....	3,560,048
Net appreciation of the Guaranteed Income Fund.....	568,480
Interest and dividend income.....	621,796

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

Net Investment Income.....	7,436,395
<hr/>	
Contributions:	
Salary Deferral.....	6,889,382
Employer.....	7,249,455
<hr/>	
Total Contributions.....	14,138,837
<hr/>	
Transfers Into The Plan:	
Transfer in from TAMSCO Tax Deferred Retirement Plan.....	-
Transfer in from Engineered Environments, Inc. 401(k) Retirement Plan.....	-
Transfer in from Prospective Computer Analysts, Inc. Employee Savings and Retirement Plan.....	3,743,754
Transfer in from Spacelink International, LLC 401(k) Retirement Plan.....	761,001
Transfer in from Mobilized Systems, Inc. 401(k) Incentive Savings Plan....	1,522,989
<hr/>	
Total Transfers Into The Plan.....	6,027,744
<hr/>	
Total Additions.....	27,602,976
<hr/>	
Deductions From Net Assets Attributed To:	
Benefits paid directly to participants.....	(10,099,320)
Plan expenses.....	(48,400)
<hr/>	
Total Deductions.....	(10,147,720)
<hr/>	
Net Increase.....	17,445,256
<hr/>	
Net Assets Available For Benefits:	
Beginning Of Year.....	107,626,906
<hr/>	
Net Assets Available For Benefits:	
End Of Year.....	\$ 125,082,162
<hr/>	
<hr/>	

See the accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Engineered Support Systems, Inc.
401(k) & Employee Stock Ownership Plan
December 31, 2005 and 2004

NOTE A - DESCRIPTION OF THE PLAN

The Plan is a combined 401(k) savings plan and a payroll-based employee stock ownership plan covering salaried employees and all non-salaried employees not otherwise covered by a collective bargaining agreement of the Company's following wholly-owned subsidiaries: Engineered Air Systems, Inc., Engineered Specialty Plastics, Inc., Engineered Coil Company, d/b/a Marlo Coil, Keco Industries, Inc., Engineered Electric Company, d/b/a Fermont, Radian, Inc.,

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

Universal Power Systems, Inc., Technical and Management Services Corp., Engineered Environments, Inc., System & Electronics Inc. employees hired after 2004, Spacelink International, LLC, Prospective Computer Analysts Inc., and Mobilized Systems, Inc. Eligible employees who have attained age 21 may enroll in the Plan. Upon enrollment, participants may elect to defer up to 50% of their compensation in the Plan, up to a maximum of \$14,000 for the year ended December 31, 2005 and \$13,000 for the year ended December 31, 2004 as adjusted annually by the Internal Revenue Service. For the years ended December 31, 2005 and 2004, additional catch up contributions in the amounts of \$4,000 and \$3,000, respectively, could be made by participants age 50 or older. The Plan allows forfeitures to offset administrative expenses of the Plan in addition to reducing employer contributions. The Plan allows for hardship withdrawals. The Plan limits loan repayments to five (5) years.

Contributions under the Plan consist of the following:

1. The amount of the salary deferrals of all Plan participants (the participant contribution)
2. The Company's discretionary contribution (the employer discretionary contribution). In 2005 and 2004, the Company's discretionary contribution was equal to 4.2% of eligible earnings
3. The Company's matching contribution of each participant's contribution up to a maximum of 6% of the participant's eligible compensation (the employer matching contribution). In 2005 and 2004, the Company's matching contribution was 40% of each participant's eligible contribution up to 6%.

All participant contributions are invested at the participant's discretion in the investment funds offered by the Plan and selected by the participant. Employee and employer contributions are 100% vested. All contributions by the Company are made in the form of Engineered Support Systems, Inc. common stock or cash.

Upon death, termination of service, or attainment of age 70 1/2, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, a single annuity, the purchase of a joint and survivorship annuity with various survivor options, or a series of installment payments.

Each participant's account is credited with the participant's contributions, the employer's matching contribution or employer discretionary contribution, if applicable, and an allocation of Plan earnings. The allocation of earnings is determined by the earnings of the participant's investment selection based on

5

each participant's account balance, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

The Plan allows participants to borrow from existing balances in their Plan investments. Participant loan balances must not exceed 50% of the participants vested account balance at the date the loan was processed with a minimum borrowing of \$1,000 up to a maximum of \$50,000. These loans are to be repaid with interest over a period not to exceed five years. The final installments are due at various dates through April 2024.

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

The Plan Administrator is Engineered Support Systems, Inc. acting through an Administrative Committee to administer the Plan. Prudential Trust Company is the Trustee of the Plan and therefore a party-in-interest under ERISA (Employee Retirement Income Security Act of 1974). Information about the Plan, including provisions for vesting, allocation of earnings, withdrawal provisions and the impact of Plan termination is contained in the Summary Plan Description. Copies of the Summary Plan Description are available from the Company.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Engineered Support Systems, Inc. Employee Stock Ownership Plan (the "Plan") are presented on the accrual basis of accounting, except that benefits due to participants are recorded as a reduction in net assets available for Plan benefits when paid.

Investments in the Engineered Support Systems, Inc. (the "Company") common stock are stated at fair value based on the last reported sales price on December 31, 2005 and 2004, respectively. Investments in registered investment companies, including the Dreyfus Premier Core Bond Fund-Class A, the EuroPacific Growth Fund, the Alliance Bern Growth & Income Fund-Class A, the Janus Twenty Fund, the Jennison Growth Fund-Class Z, the Dryden Stock Index Fund-Class Z, the INVESCO Technology Fund II-Investor Shares, the Franklin Small Cap Growth Fund II, the Jennison US Emerging Growth Fund-Class A, Vanguard Morgan Growth (Admiral Class), Vanguard Total Stock Market (Admiral Class), Vanguard Windsor (Admiral Class), Vanguard Institutional Index (Institutional Class), American Funds Balanced Fund-Class A, Vanguard 500 Index-Class A, Lord Abbett Small Cap Blend-Class A, and PIMCO Total Return-Class A are stated at the fair value of the underlying portfolio of securities, as determined by the respective manager. Investments in common collective trusts including the Prudential Stable Value Fund (managed by Wells Fargo Bank Minnesota, N.A.) are stated at the fair value of the underlying portfolio of securities, as determined by the respective manager. Investments in the Guaranteed Income Fund are stated at fair value of the underlying portfolio of securities, as determined by the respective manager.

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Net realized appreciation or depreciation on security transactions represent the difference between proceeds received and cost. The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near-term could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

Participant loans are valued at their outstanding principal amount. These notes bear interest at a rate equal to the prime interest rate as of the effective date of the loan plus one percentage point.

6

Administrative expenses of the Plan are paid by the Company or are taken from balances available in the Plan forfeiture account with the exception of loan expenses paid by the participants.

The preparation of these financial statements in conformity with accounting

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets during the reporting period. Actual results could differ from these estimates.

7

NOTE C--INVESTMENTS

The following schedule presents information regarding assets held for investments:

	December 31, 2005		De
	Fair Value	Cost**	
Engineered Support Systems, Inc. common stock, 1,150,003 and 806,981 shares, respectively.....	*\$ 47,886,106	\$ 7,789,928	* \$47,7
Alliance Bern Growth & Income Fund-Class A, 2,523,861 and 2,491,857 shares, respectively...	* 9,691,627	8,383,134	* 9,3
Janus Twenty Fund, 141,531 and 129,596 shares, respectively.....	* 6,923,687	5,826,579	* 5,8
Dreyfus Premier Core Bond Fund-Class A, 0 and 274,466 shares, respectively.....	-	-	4,0
EuroPacific Growth Fund, 168,810 and 126,267 shares, respectively.....	* 6,938,081	5,405,670	* 4,4
Franklin Small Cap Growth Fund II, 0 and 353,739 shares, respectively.....	-	-	4,1
Jennison US Emerging Growth Fund - Class Z, 316,113 and 214,884 shares, respectively.....	6,492,956	5,586,603	3,7
Jennison Growth Fund-Class Z, 133,355 and 123,180 shares, respectively.....	2,219,023	1,967,352	1,7
Dryden Stock Index Fund-Class Z, 0 and 63,094 shares, respectively.....	-	-	1,7
INVESCO Technology Fund II, 0 and 53,442 shares, respectively.....	-		1,3
Lord Abbett Small Cap Blend Fund-Class A, 342,263 and 0 shares, respectively.....	5,746,598	5,429,532	
PIMCO Total Return Fund-Class A, 465,641 and 0 shares, respectively.....	4,889,228	4,948,184	
Vanguard Institutional Index-Institutional Class, 21,844 and 0 shares, respectively.....	2,490,442	2,519,194	

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

Vanguard Windsor-Admiral Class, 33,400 and 0 shares, respectively.....	1,933,164	1,940,181	
American Balanced Fund-Class A, 41,105 and 0 shares, respectively.....	732,486	731,091	
Vanguard Morgan Growth-Admiral Class, 11,788 and 0 shares, respectively.....	647,411	651,184	
Vanguard Total Stock Market-Admiral Class, 11,803 and 0 shares, respectively.....	354,083	355,971	
Prudential LN AP Fund 19 and 0 shares, respectively.....	19	19	
	-----	-----	-----
Total Registered Investment Companies.....	49,058,805	43,744,694	36,4
Guaranteed Income Fund (Crediting Interest Rate 3.85%).....	19,400,789	19,400,789	
Prudential Stable Value Fund 0 and 471,136 shares, respectively.....	-	-	* 16,6
Participant loans.....	2,683,262	2,683,262	2,4
	-----	-----	-----
Total.....	\$ 119,028,962	\$ 83,618,673	\$ 103,3
	=====	=====	=====

8

* Represents investments that are greater than 5% of plan assets at the beginning of the plan year.

** Represents historical cost.

The Company has established a Pension Committee to oversee the activities of the Plan and has appointed the Vice President of Finance to represent the Company as the Plan Administrator. Prudential Investment Company of America is the Trustee for the Plan and the Plan recordkeeper.

During 2005 and 2004, the Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) in value as follows:

	2005

Engineered Support Systems, Inc. Common Stock.....	\$ 2,592,575
Guaranteed Income Fund.....	568,480
Common Collective Trust.....	93,496
Registered Investment Companies.....	3,560,048

	\$ 6,814,599
	=====

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

NOTE D - NONPARTICIPANT-DIRECTED INVESTMENTS

Effective January 1, 2005, the Plan was amended and restated to allow full participant direction of all accounts including the Company stock account. Information about the net assets and the significant components of the changes in net assets relating to nonparticipant-directed investments, all of which represent investments in Engineered Support Systems, Inc. common stock, at and for the year ended December 31, 2004 is as follows:

	Year Ended

	2005

Net Assets at Beginning of Year.....	
Contributions.....	
Investment Income.....	
Benefits Paid to Participants.....	
Transfers to Participant-Directed Investments.....	

Net Assets at End of Year.....	=====

Engineered Support Systems, Inc. Common Stock.....	
Employer Contribution Receivable.....	

Net Assets at End of Year.....	=====

NOTE E - CHANGES IN THE PLAN

The Plan was restated January 1, 2005 to incorporate the 13 (thirteen) prior amendments into the Plan document. The Plan was further amended to include Systems & Electronics Inc. (SEI) employees hired on or after January 1, 2005 as eligible to participate in the Plan, change the name of the Plan to Engineered Support Systems, Inc. 401(k) and Employee Stock Ownership Plan from Engineered Support Systems, Inc. Employee Stock Ownership Plan, provide rollover IRAs for small balance cash-outs for terminated employees, permit pass-through of dividends on employer securities, and eliminate the two years of plan participation previously required to diversify employer contributions made in Company stock.

On May 1, 2003, the Company acquired all of the outstanding common stock of Technical and Management Services Corp. (TAMSCO). TAMSCO had previously sponsored the TAMSCO Tax Deferred Retirement Plan, a qualified defined contribution plan which last received a favorable determination letter from the Internal Revenue Service in October 2002. As of March 31, 2004, the TAMSCO Tax Deferred Retirement Plan had net assets available for benefits totaling \$9,467,438. Effective April 1, 2004, the TAMSCO Tax Deferred Retirement Plan was merged into the Plan.

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

On September 24, 2003, the Company acquired all of the outstanding common stock of Engineered Environments, Inc. (EEI). EEI had previously sponsored the Engineered Environments, Inc. 401(k) Plan, a qualified defined contribution plan which last received a favorable determination letter from the Internal Revenue Service in January 1997. As of July 31, 2004, the Engineered Environments, Inc. 401(k) Plan had net assets available for benefits totaling \$1,097,645. Effective August 1, 2004, the Engineered Environments, Inc. 401(k) Plan was merged into the Plan.

On January 7, 2005, the Company acquired all of the outstanding common stock of Prospective Computer Analysts (PCA). PCA had previously sponsored the Prospective Computer Analysts, Inc. Employee Savings and Retirement Plan, a qualified defined contribution plan which last received a favorable determination letter from the Internal Revenue Service on April 23, 2002. As of June 30, 2005, the PCA Employee Savings and Retirement Plan had net assets available for benefits totaling \$3,743,754. Effective July 1, 2005, the PCA Employee Savings and Retirement Plan was merged into the Plan.

On February 1, 2005, the Company acquired all of the outstanding common stock of Spacelink International LLC (Spacelink). Spacelink had previously sponsored the Spacelink International LLC 401(k) Retirement Plan, a qualified defined contribution plan which received a favorable determination letter from the Internal Revenue Service dated January 3, 1991. As of June 30, 2005, the Spacelink International LLC 401(k) Retirement Plan had net assets available for benefits totaling \$761,001. Effective July 1, 2005, the Spacelink International LLC 401(k) Retirement Plan was merged into the Plan.

On May 2, 2005, the Company acquired all of the outstanding common stock of Mobilized Systems, Inc. (MSI). MSI had previously sponsored the Mobilized Systems, Inc. 401(k) Incentive Savings Plan, a qualified defined contribution plan which last received a favorable determination letter from the Internal Revenue Service in August 7, 2001. As of October 17, 2005, the Mobilized Systems, Inc. 401(k) Incentive Savings Plan had net assets available for benefits totaling \$1,522,989. Effective October 18, 2005, the Mobilized Systems, Inc. 401(k) Incentive Savings Plan was merged into the Plan.

NOTE F - INCOME TAX STATUS

The Plan received a favorable letter of determination from the Internal Revenue Service dated May 23, 2002 indicating compliance with section 401(a) of the Internal Revenue Code and exemption under the provisions of section 501(a). The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Thus, provision for an income tax is not required in the accompanying financial statements.

NOTE G - RELATED PARTY AND PARTY-IN-INTEREST

The Company, as Plan administrator and sponsor, is a related party to the Plan. At December 31, 2005 and 2004, the Plan held shares of Company common stock with a market value of \$47,886,106 and \$47,789,442, respectively. For the year ended December 31, 2005, the Plan purchased \$8,789,560 and sold \$11,285,474 of Company common stock. For the year ended December 31, 2004, the Plan purchased \$6,928,257 and sold \$10,551,775 of Company common stock.

Prudential Trust Company as Trustee of the Plan's assets is a party-in-interest as defined by ERISA. For Plan assets managed by Prudential, with the exception of the Guaranteed Income Fund,

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

the Plan held \$8,711,979 of investment funds and short-term investments at December 31, 2005 and \$7,251,923 of investment funds and short-term investments at December 31, 2004. In 2005, the Plan incurred \$48,400 in trustee fees or other administrative expenses. In 2004, the Plan incurred \$7,311 in trustee fees or other administrative expenses paid from Plan assets. These transactions are exempt party-in-interest transactions under Section 408 (b) (8) of the ERISA statutes.

NOTE H - PLAN TERMINATION

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to provisions of ERISA.

NOTE I - SUBSEQUENT EVENTS

The Board of Directors advised the Trustees that they entered into an Agreement and Plan of Merger with DRS Technologies, Inc. ("DRS") and Maxco, Inc. dated September 21, 2005 (the "Merger Agreement") under which all of the Sponsor's shares of stock (including those held by the Plan) were exchanged for shares of DRS and cash on January 31, 2006. As required by the Merger Agreement, Engineered Support Systems, Inc. amended the Plan to provide for its termination effective January 30, 2006. On May 1, 2006, the Plan submitted an application to the IRS for a favorable determination on the termination of the Plan. Upon receipt of the favorable determination, participants will direct the disposition of their accounts.

NOTE J - NEW ACCOUNTING PRONOUNCEMENT

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) AAG INV-1 and SOP 94-4-1 Reporting of Fully Benefit-Responsive-Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans, which affects defined contribution pension plans that hold fully benefit-responsive investment contracts. The FSP is effective for all investment contracts as of the last day of the annual period ending after December 15, 2006. The Plan will implement the new accounting standard for the year ending December 31, 2006 and will apply the standard retrospectively to the year ended December 31, 2005, if applicable.

11

Report of Independent Registered Public Accounting Firm on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held at end of year and schedule of reportable transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Income Security Act of 1974. Those supplemental schedules are the responsibility of the Plan's management. These supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Rubin Brown LLP

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

St. Louis, Missouri

July 14, 2006

12

Engineered Support Systems, Inc.
401(k) & Employee Stock Ownership Plan

EIN: 43-1313242 Plan Number: 003

Schedule I

Schedule of Assets Held At End Of Year

At December 31, 2005

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost**
*	Engineered Support Systems, Inc.	Common Stock \$.01 par value	\$ 17,789,9
Common Stock			17,789,9
	Alliance Bern Growth & Income Fund- Class A	Large-cap value equity mutual fund	8,383,1
	Janus Twenty Fund	Large-cap growth equity mutual	5,826,5
	EuroPacific Growth Fund	Non-U.S. equity mutual fund	5,405,6
	Jennison US Emerging Growth Fund-Class Z	Mid-cap growth equity mutual fund	5,586,6
	Jennison Growth Fund-Class Z	Large-cap growth equity mutual	1,967,3
	Lord Abbett Small Cap Blend- Class A	Small-cap growth equity fund	5,429,5
	PIMCO Total Return Fund -Class A	Intermediate-term bond mutual	4,948,1
	Vanguard Institutional Index Fund - Institutional Class	Large-cap blend equity mutual	2,519,1
	Vanguard Windsor-Admiral Class	Large cap value equity fund	1,940,1
	American Balanced Fund-Class A	Moderate allocation mutual fund	731,0
	Vanguard Morgan Growth - Admiral Class	Mid- and Large-Cap equity fund	651,1
	Vanguard Total Stock Market - Admiral Class	Large-cap blend equity fund	355,9
	Prudential LN AP Fund	Loan AP fund	-----
Total Registered Investment Companies			43,744,6
*	Guaranteed Income Fund	Fixed income fund	19,400,7

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

Participant Loans	Loans to Plan participants bearing interest rates from 4.00% to 11.50% due at various dates through April 2024	2,683,2
	Total	83,618,6

* Investments represent allowable transactions with a party-in-interest.

** Value represents historical cost.

The above information is required disclosure for Form 5500, Schedule H, Part IV, line 4i:

13

Engineered Support Systems, Inc.
401(k) & Employee Stock Ownership Plan

Schedule II

EIN: 43-1313242 Plan Number: 003

Schedule of Reportable Transactions

Year Ended December 31, 2005

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset
Individual Transactions:						
Prudential Investments	Guaranteed Int Account	\$16,825,550	\$ -	\$ -	\$ -	\$16,825,550
Prudential Investments	Pru Stable Value Fd 65	\$ -	\$16,871,303	\$ -	\$ -	\$16,014,441
Series of Transactions:						
Engineered Support Systems, Inc.	Common stock, \$.01 par value per share	\$7,049,340	\$ -	\$ -	\$ -	\$7,049,340
Engineered Support Systems, Inc.	Common stock, \$.01 par value per share	\$ -	\$9,545,253	\$ -	\$ -	\$4,303,159
Prudential Investments	L A Small Cap Blend Fund	\$6,027,215	\$ -	\$ -	\$ -	\$6,027,215
Prudential	L A Small Cap					

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

Investments	Blend Fund	\$	-	\$ 606,282	\$	-	\$	-	\$ 603,038
Prudential Investments	PIMCO Total Return A	\$5,623,761	\$	-	\$	-	\$	-	\$5,623,761
Prudential Investments	PIMCO Total Return A	\$	-	\$ 675,471	\$	-	\$	-	\$ 675,718
Prudential Investments	Vanguard Index Trust500	\$2,738,974	\$	-	\$	-	\$	-	\$2,738,974
Prudential Investments	Vanguard Index Trust 500	\$	-	\$2,860,546	\$	-	\$	-	\$2,739,562
Prudential Investments	Pru Stable Value Fd 65	\$ 737,909	\$	-	\$	-	\$	-	\$ 737,909
Prudential Investments	Pru Stable Value Fd 65	\$	-	\$17,468,355	\$	-	\$	-	\$16,594,411

Transactions or series of transactions in excess of five percent of the current value of the Plan's assets as of the beginning of the Plan Year, as defined in 29 CFR Section 2520.103-6 of the Department of Labor Rules & Regulations for Reporting and Disclosure under ERISA.

The above information is required disclosure for Form 5500, Schedule H, Part IV, line 4j:

14

Engineered Support Systems, Inc.
401(k) & Employee Stock Ownership Plan
EIN: 43-1313242 Plan Number: 003

Schedule of Delinquent Participant Contributions
December 31, 2005

Participant Contributions
Transferred to Plan Late

\$ 6,354

=====

Edgar Filing: DRS TECHNOLOGIES INC - Form 11-K

The above information is a required disclosure for Form 5500, Schedule H, Part IV, line 4a.

15

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

ENGINEERED SUPPORT SYSTEMS, INC.
401(K) & EMPLOYEE STOCK OWNERSHIP PLAN

Date: July 14, 2006

/s/ Richard A. Schneider

Richard A. Schneider
Executive Vice President & Chief Financial
Officer of DRS Technologies, Inc. and
Member of the Pension Committee of the Plan

EXHIBIT INDEX

Exhibit Number -----	Description -----
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Registered Public Accounting Firm